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Cellular Telecommunications Industry Association

EX PARTE OR LATE FILED

Michael F. Altschul

Vice President/General Counsel

March 6, 2000

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
12<sup>th</sup> Street Lobby, TW-A325  
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Re: Ex Parte Presentation  
CC Docket No. 99-200**

Dear Ms. Salas:

On March 3, 2000, CTIA representatives met with David Furth, Blaise Scinto, Peter Wolfe, and Les Selzer, to discuss the issues raised in the Number Resource Optimization proceeding, CC Docket No. 99-200. At that meeting, CTIA was asked about the role of wireless resellers. Although CTIA does not represent nonfacilities-based resellers, we promised to provide publicly available information concerning their role in the CMRS industry.

Enclosed with this letter is a list of the "20 Largest Resellers of Cellular and Personal Communications Services in the United States" as ranked and published by RCR Magazine in its January 10, 2000 edition. Please note that this list does not include companies that resell wireless services through prepaid methods. As of June, 1999, the date of CTIA's most recent Semi-Annual Data Survey, subscribers to prepaid CMRS services accounted for 8.65% of all cellular and broadband PCS subscribers. In addition, I have enclosed a February 23, 2000 press release from the Telecommunications Resellers Association describing a Yankee Group study of wireless resale. As you can see, the TRA-sponsored Yankee Group study estimates that resellers currently account for 3% of total wireless subscribers, a number that is forecast to grow to 10% of all wireless subscribers (approximately 17 million people) by 2005.

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Pursuant to Section 1.1206 of the Commission's Rules, an original and one copy of this letter is being filed with your office. If you have any questions concerning this submission, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Altschul". The signature is fluid and cursive, with the first name "Michael" and last name "Altschul" clearly distinguishable.

Michael Altschul

Enclosure

Cc: David Furth  
Blaise Scinto  
Peter Wolfe  
Les Selzer

Linda Oliver  
Hogan & Hartson, LLP



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## News Release

Contact: Julie Hill  
Director of Communications  
(202) 835-9898, ext.3009

### **TRA Releases Yankee Group Study on Wireless Resale Report Predicts Size of Resale Market Will Triple in 5 Years**

(Washington, D.C., February 23, 2000) The Telecommunications Resellers Association (TRA) today released a report by the Yankee Group, the prominent Boston-based research firm, which predicts a three-fold increase in the size of the wireless resale market by 2005. The report also confirms the profitability of the reseller channel from a carrier perspective and suggests which companies likely will capitalize on the projected growth in resale revenues.

TRA asked the Yankee Group to conduct a study of wireless resale principally to determine whether a business case could be made to justify carriers' relying on resellers as a key distribution channel. While the report found that resale is indeed an efficient way to distribute services, it also came to other conclusions that were unexpected, such as the overall growth in the resale channel. The Yankee Group cited a number of factors leading to this supposition:

- demand among landline telephone companies, Internet Service Providers, and other communication companies to offer a full array of bundled services;
- emergence of wireless data and packet-based networks;
- increase in the number of carriers per market and the corresponding incentive among carriers to rely on resellers to take customers from rivals;
- growth in prepaid wireless services;
- increasing need of carriers to segment the market and recruit lower-income customers.

Overall, the report projected that resellers would account for more than 5% of total wireless subscribers by 2002, up from the current 3% level, and 10% of all wireless customers – approximately 17 million people – by 2005.

After comparing two business models, one in which a generic carrier with 1 million subscribers employs resale and one in which the same carrier does not use resale, the Yankee Group concluded that carriers would make a sound business decision by utilizing resellers as an important means of distribution. The report determined that, because of lower operating costs, the generic carrier enjoyed 3% higher net revenues (\$38 million) by employing resellers.

“While we’ve always felt that resale is an efficient way to distribute telecommunications services, a number of carriers have remained skeptical,” said Ernie Kelly, TRA president. “We needed someone like the Yankee Group to take a close look at the issue and determine once and for all whether we’re correct. Obviously, we’re pleased with the findings, which not only validate our thesis but predict a bright future generally for well-managed, well-financed resellers.”

The complete Yankee Group report, “Wireless Resale: A Viable Distribution Channel for Facilities-Based Carriers,” is available to TRA members on the TRA website, [www.tra.org](http://www.tra.org). It is available to non-members for a nominal administrative fee. To purchase a copy of the study, contact Linda Brobst at 202-835-9898, ext. 3014.

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Founded in 1992, the Telecommunications Resellers Associations (TRA) is the Washington, DC-based national organization for resellers of telecommunications services, representing over 850 companies involved in the resale of domestic and international long distance, local, wireless and other enhanced telecommunications services. Resellers typically make volume purchases of network services from facilities-based carriers and, in turn, offer their subscribers discounts and value-added services, including customized billing, personalized customer service and consultation.

TRA was created and carries a continuing mandate to foster and promote telecommunications resale, to support the telecommunications industry, and to protect and further the interest of entities engaged in the resale of telecommunications services.

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# RCR'S TOP 20 Resellers

16 • JANUARY 10, 2000 • RCR

**Editor's Note:** The companies listed below represent the 20 largest resellers of cellular and personal communications services in the United States. Rankings are based on the total number of cellular and/or PCS subscribers reported by each company.

For purposes of this list, resellers are defined as those companies that do not own a mobile phone network or license and resell wireless airtime from a licensed carrier's mobile switching center.

MCI WorldCom's subscriber figure is an estimate.

Connecticut Telephone—ranked fourth on last year's list—was acquired by USN Communications Inc., which in February agreed to sell substantially all its assets, excluding its

wireless subsidiary, to CoreComm Ltd. USN and 12 of its subsidiaries, not including the wireless subsidiary, then filed voluntary petitions for reorganization under Chapter 11.

Connecticut Telephone is still in operation. Current numbers were not provided by the company by press time, however.

Prime Matrix Wireless—ranked third on last year's list—also declared bankruptcy early last year. Phase 2—previously ranked 11th—took over Prime Matrix' operations Dec. 6. Prime Matrix will still operate under that name.

Phase 2 is transitioning from a reseller to a telecommunications customer acquisition and

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	Company Address Phone	Chief Executive	Number of Cellular and PCS Resale Subscribers	Markets Served	Resell For:	Retail Outlets Salespeople
<b>1</b>	MCI WorldCom Wireless 1940 E. Camelback Road Phoenix, Ariz. 85018 (602) 222-3105	James A. Wolfinger	950,000	Several markets nationwide	All major carriers	35+ 540+
<b>2</b>	Progressive Concepts Inc. 5718 Airport Freeway Fort Worth, Texas 76117 (817) 831-6789	R. David Jones	77,500	Dallas/Fort Worth, San Antonio	Southwestern Bell Wireless	9 60
<b>3</b>	Cellnet Communications Inc. 31075 John R. Road Madison Heights, Mich. 48071 (248) 588-3894	Rick Goldsmith	55,000	Detroit and southeast Michigan	AirTouch Cellular, Amertech Cellular Services	4 45
<b>4</b>	Discount Cellular Inc. 2550 Okeechobee Blvd. West Palm Beach, Fla. 33409 (561) 683-2020	Melissa Schwartz	46,079	Nationwide	AT&T Wireless Services Inc., Bell Atlantic Mobile, BellSouth Mobility, Amertech Cellular Services, AirTouch Cellular, US West, Cellular One, Powertel Inc., GTE Wireless, PrimeCo Personal Communications L.P., Nextel Communications Inc., Sprint PCS	6 103
<b>5</b>	Prime Matrix Wireless 26635 W. Agoura Road Calabasas, Calif. 91302 (818) 737-3200	Robert L. Miller	46,000	Western United States	Pacific Bell Mobile Services, Sprint PCS, AirTouch Cellular, AT&T Wireless Services Inc., GTE Wireless	N/A N/A
<b>6</b>	DCN Wireless/Robo Wireless 6200 Canoga Ave. Fourth Floor Woodland Hills, Calif. 91367 (818) 227-3333	Robert H. Mogadam	41,896	California	AirTouch Cellular, AT&T Wireless Services Inc., Pacific Bell Wireless, GTE Wireless, Cellular One	6 49
<b>7</b>	Select Wireless Inc. 111 Cheshire Lane Suite 700 Minneapolis, Minn. 55305 (612) 595-0010	Bob Alexander	40,000	Minnesota, Colorado, Arizona	AirTouch Cellular, AT&T Wireless Services Inc.	4 25
<b>8</b>	Anything Wireless Inc. 5255 Mowry Ave. Suite P Fremont, Calif. 94536 (510) 744-3566	Wilson Tse	28,000	San Francisco Bay area	GTE Wireless	6
<b>9</b>	Fox Communications Corp. 13400 N.E. 20th St. Suite 28 Bellevue, Wash. 98005 (425) 552-2900	Lonnie Benson	26,000	Pacific Northwest, Minnesota, Colorado	AirTouch Cellular	0 6
<b>10</b>	Cellular Plus Systems Inc. 3487 S. Lindon Road Flint, Mich. 48507 (810) 733-8750	Douglas P. Hansen	23,000	Southeast Michigan	Amertech Cellular Services, AirTouch Cellular, AT&T Wireless Services Inc., Omnipoint Communications Inc., Nextel Communications Inc.	8 35
<b>11</b>	Marathon Communications Inc. 1550 N. 34th Ave. Seattle, Wash. 98103 (206) 505-1800	Marcos Melendez	20,000	Western and midwestern markets	AT&T Wireless Services Inc., AirTouch Cellular	1 10
<b>12</b>	Cellnet of Ohio Inc. 23632 Mercantile Road Beachwood, Ohio 44122 (216) 765-8930	Mike Tincanich	17,650	Ohio	AirTouch Cellular	5 16
<b>13</b>	SkyNet 770 N. LaSalle St. Chicago, Ill. 60610 (800) 577-4759	Steve Neely	17,609	Chicago	Amertech Cellular Services, GTE Wireless	7 22
<b>14</b>	Car Phones Express Inc. 4 Rt. 37 East Toms River, N.J. 08753 (732) 914-0400	Max Rishy	14,863	New York, New Jersey, Philadelphia	AT&T Wireless Services Inc., Cellular One, Omnipoint Communication Inc.	5 25
<b>15</b>	The Mobile Phone Co. 5030 Champion Blvd. Boca Raton, Fla. 33496 (561) 241-7776	Craig Isrow	11,500	South Florida, New York	AT&T Wireless Services Inc., Bell Atlantic Mobile, BellSouth Wireless, PrimeCo Personal Communications L.P., Sprint PCS	3 15
<b>16</b>	Pacific Cellular 3256 S. Maryland Parkway Las Vegas, Nev. 89109 (702) 732-2355	Richard Young	10,500	Las Vegas, San Diego	Alltel, AT&T Wireless Services Inc., Nevada Bell Wireless, Pacific Bell Wireless, GTE Wireless	5 18
<b>17</b>	San Diego Wireless P.O. Box 230987 Encinitas, Calif. 92023 (760) 944-3434	Kevin McAlister Paul Wheatland	10,162	San Diego	Nextel Communications Inc., GTE Wireless, Pacific Bell Wireless	1 8
<b>18</b>	Apex Wireless 11061 NE Second St. Suite 203 Bellevue, Wash. 98004 (425) 646-9100	Kurt Teutsch	8,500	Washington	AT&T Wireless Services Inc., AirTouch Cellular	N/A 16
<b>19</b>	Personal Cellular Services Inc. 2621 Barrington Court Hayward, Calif. 94545 (510) 921-2000	Garry McLaughlin	3,700	California	Cellular One	0 6
<b>20</b>	Phase 2 14505 N. Hayden Road Suite 322 Scottsdale, Ariz. 85260 (480) 951-6390	Robert L. Miller	3,500	Georgia, Iowa, Nebraska, Colorado, New Mexico, Arizona, Utah, Idaho, Washington, Oregon, Minnesota	AirTouch Cellular, Cellular One, AT&T Wireless Services Inc.	N/A N/A

cents per diluted share, compared with fourth quarter 1998 revenues of \$642 million and net income of 16 cents per diluted share.

"With these preliminary results

## AirGate launches PCS network

ATLANTA—AirGate PCS Inc., a Sprint PCS network partner, launched the initial phase of its personal communications services wireless operation, which covers a significant portion of AirGate's southeastern territory.

The covered area includes the metropolitan areas of Greenville-Spartanburg and Anderson, S.C. Effective Jan. 11, PCS service will be available in Asheville and Hickory, N.C., the company said.

Thomas M. Dougherty, president and chief executive officer of AirGate PCS, said the company plans to roll out the rest of its PCS network by the end of the year.

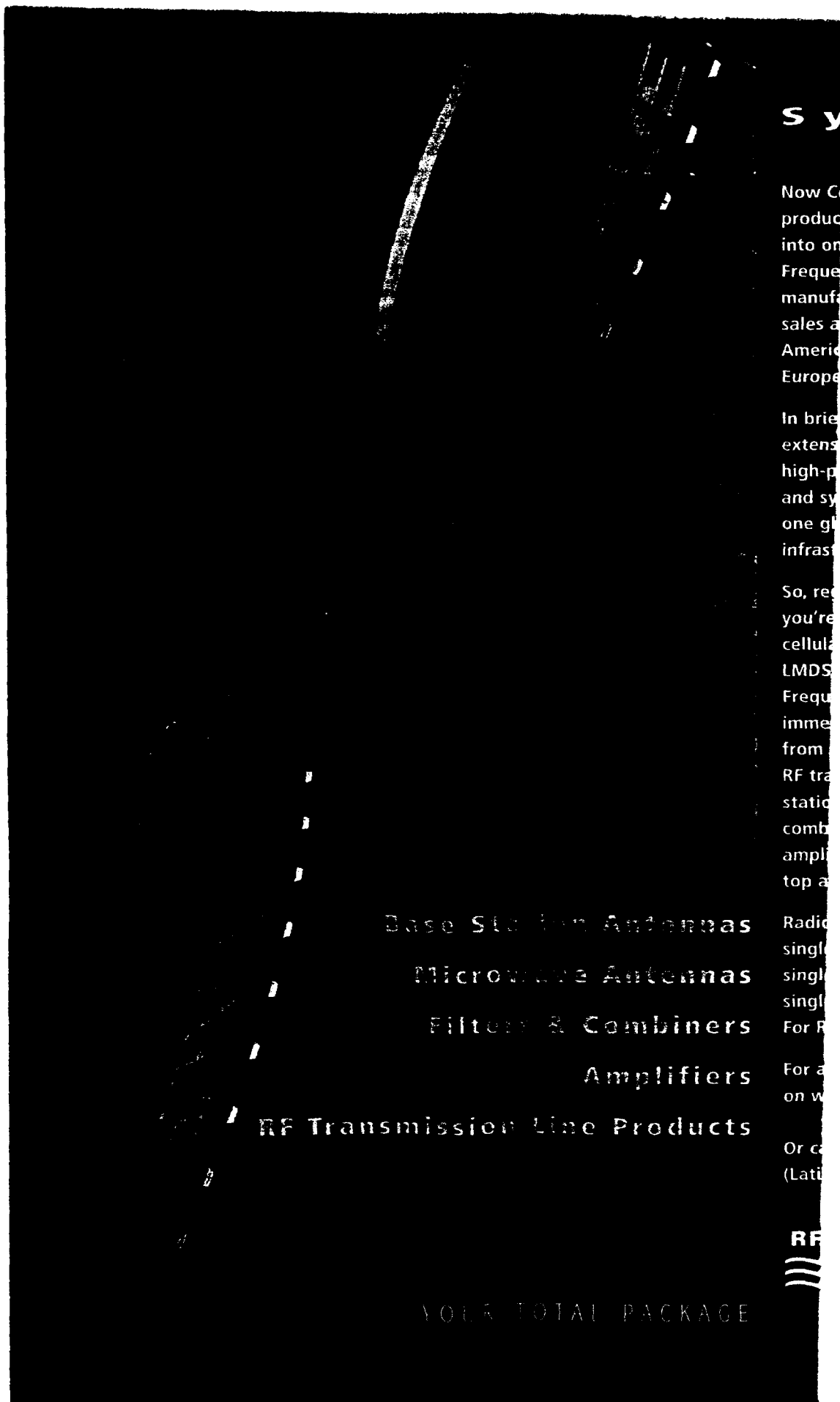
## resellers

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service center. Its customers are being transferred to another national service provider and upon completion, the company said it will focus solely on supporting other telecommunications companies.

Resellers One Source Communications (16th on last year's list) and Cellular Dynamics Inc. (18th on last year's list) did not respond to requests for information by press time.

Companies that resell wireless services through prepaid methods have not been included on this list. The RCR Top 20 list is the property of RCR and should not be construed as an endorsement of the companies listed. Information concerning company rankings cannot be reprinted without permission from RCR.—©2000, Crain Communications Inc.



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